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WHA/CAR FOR LAURA LUFTIG

E.O. 12958: DECL: 10/30/2016

TAGS: PREL PROG NS CH CONS EAID SMIG

SUBJECT: CHINA POPULAR WITH MINISTRIES: LOANS IN ONE DAY

REF: PARAMARIBO 683

Classified By: Ambassador Schreiber Hughes for reasons 1.4 (b) and (d)

¶1. (C) SUMMARY: According to Minister of Planning and Development Cooperation Ricardo van Ravenswaay, Chinese development assistance is increasingly popular with certain Ministries because loans to companies for development projects are available "in one day." Van Ravenswaay contrasted this with the process of working with Western development entities, which he said requires more time and coordination and yields less money. END SUMMARY

CHINA POSITIVES: SPEED AND EASE

¶2. (C) During the October 2006 courtesy call by Ambassador Schreiber Hughes at the Ministry of Planning and Development Cooperation, Minister Ricardo van Ravenswaay compared and contrasted development assistance available in the form of Chinese loans and Western grants. Van Ravenswaay said that the Chinese are "much easier" to deal with. Van Ravenswaay said the Chinese "will give you 100 million in a day," and that coordination needs are minimal: he said his office would need only one person as a liaison with the Chinese.

CHINA NEGATIVES: WHOSE INTERESTS?

¶3. (C) Van Ravenswaay said however that his Ministry prefers not to use the Chinese, because "you're financing labor for them." Chinese laborers are assigned to Chinese projects. In addition, according to Inter-American Development Bank representative Ancile Brewster, these workers often don't return to China (see also reftel). Van Ravenswaay further said that using Chinese loans is deleterious in the long run because there is no oversight or control: "few rules, quick loans." Van Ravenswaay also said that the Chinese prefer direct links with some of the other Ministries (he sighted in particular the Foreign Ministry and Ministry of Public Works), rather than coming through the Planning Ministry. Van Ravenswaay said that in this way "a bypass is being used" to avoid a government law limiting debt obligations (debts may not exceed 65% of GDP): in essence, companies undertake work the State is responsible for without obtaining official state guarantees. Van Ravenswaay said that through these informal mechanisms, some government figures are profiting from partnerships with the private sector, which amounts to corruption.

WESTERN NEGATIVES: SLOW AND COMPLICATED

¶4. (C) Van Ravenswaay said there is antipathy toward the UN, the Inter-American Development Bank, and the European Union as sources of development funding because of numerous pre-conditions, up to two-year waits, and the necessity for many consultants to arrange financing. Van Ravenswaay: "we have constantly ten people working with the EC, for 15 million." Furthermore, "they treat us as if we don't know how to build a road." Finally, Van Ravenswaay said that with a two-year time horizon before grants come through, the sitting government doesn't get any credit from the Surinamese people for projects it undertakes with Western donors, since politicians normally have left office by the time projects are completed. According to Van Ravenswaay, the GOS is honest but "if you have good intentions it's a very big obstacle."

¶5. (C) COMMENT: Although he didn't directly say so, Van Ravenswaay appears frustrated that his Ministry has little say in the development planning process and often isn't kept abreast of matters (e.g., he said he was "trying to find out" how Chinese loans are being arranged). His party, the upper-middle class, traditionally "progressive" Democratic Alternative ,91, is the smallest party in the coalition, holding just one parliamentary seat and one Ministry. Meanwhile, the Creole-based National Party of Suriname (NPS), the largest coalition party, controls the Presidency and the Ministry of Foreign Affairs. It is not uncommon to hear rumors in Paramaribo that the NPS tries to strengthen the Chinese presence in order to offset its intra-coalition rival, the Hindustani-based United Reform Party (VHP); Hindustanis have traditionally dominated the business and trade sectors in Suriname. END COMMENT
SCHREIBER HUGHES